

#### Members

Rep. Scott Mellinger, Chairperson  
Rep. Ed Mahern  
Rep. Win Moses  
Rep. Dean Mock  
Rep. William Ruppel  
Rep. P. Eric Turner  
Sen. Charles Meeks, Vice-Chairperson  
Sen. John Waterman  
Sen. Thomas Weatherwax  
Sen. John Broden  
Sen. Timothy Lanane  
Sen. Frank Mrvan



## INTERIM STUDY COMMITTEE ON STATE AND LOCAL GOVERNMENT ISSUES

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Authority: Legislative Council Resolution 01-2  
(Adopted June 7, 2001)

### MEETING MINUTES<sup>1</sup>

Meeting Date: September 13, 2001  
Meeting Time: 1:00 P.M.  
Meeting Place: State House, 200 W. Washington  
St., Room 130  
Meeting City: Indianapolis, Indiana  
Meeting Number: 3

**Members Present:** Rep. Scott Mellinger, Chairperson; Rep. Ed Mahern; Rep. Win Moses; Rep. William Ruppel; Sen. Charles Meeks, Vice-Chairperson; Sen. John Waterman; Sen. Thomas Weatherwax; Sen. Timothy Lanane; Sen. Frank Mrvan.

**Members Absent:** Rep. P. Eric Turner; Sen. John Broden; Rep. Dean Mock.

#### **I. Call to Order**

Representative Mellinger called the Committee to order at 1:10 p.m. and introduced the members of the Committee.

#### **II. Next Meeting**

The Committee scheduled its next meeting for Monday, October 1, 2001. At the October 1 meeting, the Committee will commence its investigation of the Indiana Department of Correction.

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<sup>1</sup> Exhibits and other materials referenced in these minutes can be inspected and copied in the Legislative Information Center in Room 230 of the State House in Indianapolis, Indiana. Requests for copies may be mailed to the Legislative Information Center, Legislative Services Agency, 200 West Washington Street, Indianapolis, IN 46204-2789. A fee of \$0.15 per page and mailing costs will be charged for copies. These minutes are also available on the Internet at the General Assembly homepage. The URL address of the General Assembly homepage is <http://www.ai.org/legislative/>. No fee is charged for viewing, downloading, or printing minutes from the Internet.

### III. Continued Discussion of Senate Concurrent Resolution 26

The Committee continued its discussion of SCR 26 regarding commission payments received by the State of Indiana from collect phone calls placed by inmates in state and local correctional facilities.

David Bottorff from the Association of Indiana Counties testified and answered questions from the Committee. Mr. Bottorff did not know how much each county received in telephone commissions. He stated that there could be unintended negative consequences if commissions were prohibited, because presently the commissions are deposited in the jail commissary funds and used for the benefit of inmates. Mr. Bottorff testified that telephones are beneficial to inmates because it helps them maintain contacts with the general population.

Senator Lanane asked Mr. Bottorff if each county negotiated its own telephone contract and if there was an initial connection fee for inmate calls. Mr. Bottorff answered that each county negotiates its own telephone contracts for both local and long distance services, and that the rates are restricted by the tariffs set by the Indiana Utility Regulatory Commission. He also stated that the charge for each inmate call includes an initial connection fee and that the amount of the fee is stated in a recording that precedes each inmate call.

Representative Mahern asked Mr. Bottorff if the county or the county sheriff receives the telephone commissions. Mr. Bottorff stated that in some cases, the commissions are deposited directly into the county general fund; in those cases, he does not know if the money is distributed to the jail. Representative Mahern also inquired as to the length of the contracts. Representative Mellinger stated that he has seen contracts that last from two to four years and that occasionally the commission rate has been tied to the length of the contract.

At Representative Moses' request, Mr. Bottorff agreed to provide the Committee with information about the revenue generated by telephone commissions in the state's five largest counties.

Representative Moses stated that he found the term "user fee" incorrect and offensive because the "user fee" penalizes the recipient of a phone call placed by an inmate. He opined that a telephone call placed by an inmate is almost like an emergency call.

Representative Ruppel asked several questions about the state's new contract with T-Netix; he sought to compare the rates charged for operator-assisted collect phone calls at public payphones with the rates at state-operated payphones, both in the Department of Correction and in other state facilities or parks. Mr. Michael Leppert of the IURC and Mr. Steve Rogers of Ameritech answered Representative Ruppel's question. The rates at state-operated payphones are generally lower than the rates at public payphones because the state is able to negotiate a lower rate in its contract. The rates at all state-operated payphones are the same whether a phone is located in the Department of Correction or in the State House or in a state park. However, inmate calls generally cost more because an inmate may place only operator-assisted collect calls whereas a member of the general population may use a calling card or dial into a different provider to save money.

Senator Meeks asked Mr. Bottorff how the counties and the jails should allocate the commissions. Mr. Bottorff stated that the county commissioners and the sheriffs were best able to work out that issue by themselves.

Senator Lanane asked if a per-minute charge applied to local calls placed by inmates. Representative Mellinger explained that a local call has an initial connection fee but not a per minute charge. The initial connection fee raises the overall cost of the call.

Representative Mellinger asked if sheriffs would eliminate telephones in jails if the jail no longer received commissions for inmate calls. Mr. Bottorff stated he did not think phones would be removed because inmates benefit from using the telephones. Senator Waterman stated that telephones are a privilege and that inmates can write letters.

Senator Meeks raised a question about the accuracy of the minutes of the August

27, 2001 Committee meeting. He asked Mr. Robert Veneck of AT&T and Mr. Jay McQueen of the Indiana Department of Administration how much AT&T paid and the State received in commissions under their 1997 contract. In 1997, AT&T made a prepayment of commissions to the State in the amount of \$9.8 million. The State received \$4.9 million at the beginning of the first contract year and another \$4.9 million at the beginning of the second contract year. At the end of the first contract year, if the State had generated more than \$4.9 million in commissions, AT&T paid the excess over \$4.9 million to the State. If, at the end of the first contract year, the State had generated less than \$4.9 million in commissions, the State would pay the amount owed to AT&T. This procedure applied to extensions of the 1997 contract. Senator Meeks questioned whether prepaying commissions was a good business decision. Mr. Veneck answered that is part of the contract negotiations based on the time value of money.

Representative Mellinger clarified that the State never received a bonus from AT&T. The State received a prepayment of commissions that later was reconciled against the actual amount of commissions the State generated. Representative Mellinger stated that some counties, however, do receive actual bonuses from telephone contracts. Senator Lanane further clarified that a bonus would mean the State received money in addition to the terms of the contract, whereas the State only received prepayment of commissions subject to later reconciliation. Mr. McQueen confirmed Senator Lanane's understanding. Senator Lanane asked Mr. McQueen if the State ever had to pay AT&T at the end of a contract year. Mr. McQueen answer that the State always received additional commission payments from AT&T.

Senator Meeks asked Mr. McQueen if the request for proposals for the 1997 contract specified a prepayment of commission. Mr. McQueen stated that it did not specify a payment method and that an offer to prepay commissions weighed neither in favor of nor against a response to the request for proposals.

Counsel for the Committee distributed a letter written by Mr. Veneck (Exhibit A) in response to questions posed by the Committee at the August 27 meeting and read aloud section 3.18 from the 1997 contract (Exhibit B).

Representative Mellinger stated that he anticipates the Committee will generate legislation regarding the charges for and commissions received from telephone calls placed by inmates in state and local correctional facilities.

#### **IV. Adjournment**

Representative Mellinger adjourned the meeting at 2:38 p.m.